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PRESENT AMERICAN BUSINESS CONDITIONS IN THE DISTILLING INDUSTRY

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Government statistics in the distilling industry are accurately tabulated and promptly furnished to all applicants, thus offering to any one desiring to study them the means of reaching conclusions to an extent impossible in almost any other line of manufacture. We need not, therefore, indulge in any surmises, but can go at once to the facts and figures contained in the reports of the Commissioners of Internal Revenue in Washington, D. C. The records of the United States Internal Revenue office show the following:

Prior to 1900 the largest quantity of distilled spirits tax-paid and withdrawn for consumption in any one year was in the fiscal year ending June 30, 1893, during which period the amount was 97,424,825 gallons.

The financial panic and the following depression brought about a gradually decreasing demand until we reach the fiscal year ending June 30, 1896, which year shows the smallest annual quantity tax-paid in a quarter of a century, *i. e.*, 60,635,356 gallons; a decrease of 37 per cent.

The tax-payments for the fiscal year ending June 30, 1894, show 87,087,618 gallons.

Comparing this with the year ending June 30, 1896, 60,635,356 gallons; a reduction of 30 per cent.

Let us compare these government statistics with present conditions:

Spirits tax-paid and withdrawn for consumption for the fiscal year ending June 30, 1906, 122,617,943 gallons.

Spirits tax-paid and withdrawn for consumption for the fiscal year ending June 30, 1909, 114,799,465 gallons; a decrease of 6 per cent.

For the fiscal year ending June 30, 1907, 134,031,066 gallons.

For the fiscal year ending June 30, 1909, 114,799,465 gallons.

Decrease in consumption due to commercial depression beginning with the financial panic in the fall of 1907, 14 per cent.

It is evident that the depression in general business conditions

during the years 1907 and 1908 did not reduce the consumption of spirits as greatly as did the hard times of 1893 to 1896.

Tax-paid for consumption during fiscal year ending June 30, 1908, 119,703,594 gallons; a decrease as compared with 1907 of 10.7 per cent.

The United States Geological Survey gives the production of coal in the United States for the year of 1907 as 480,363,424 short tons. For the year 1908, 415,842,698 short tons; a decrease of 13.4 per cent.

Coal being an accurate barometer of general manufacturing conditions, the decrease of 13.4 per cent in coal production, as compared to 10.7 per cent in consumption of spirits, is extremely interesting. A study of the following table will more clearly indicate the comparative effect of depressed business conditions, following the panic in 1907. (All figures are taken from governmental reports):

	1907.	1908.	Decrease per cent.
¹ Production of pig iron, long tons.	25,781,000	15,936,000	38.1
¹ Production of steel, long tons.....	23,363,000	15,000,000	35.7
¹ Imports of sugar, pounds.....	4,391,839,975	3,371,997,112	23.2
² Bank clearings, dollars	157,673,000,000	127,755,000,000	19.
¹ Production of coal, short tons....	480,363,424	415,842,698	13.4
² Tax-payment of distilled spirits, gallons	134,031,066	119,703,594	10.7

The statistical abstract of the United States gives the per capita consumption of all liquors and wines:

For fiscal year ending June 30, 1888.....	14.65 gallons
For fiscal year ending June 30, 1898.....	17.37 gallons
For fiscal year ending June 30, 1907.....	23.54 gallons
For fiscal year ending June 30, 1908.....	23.01 gallons

The Prohibition Movement

These facts are all the more striking, impressive and remarkable in view of the widely heralded "Prohibition Wave," now slowly receding, but which attained its greatest strength in 1908. They indicate beyond dispute that legislative prohibition, instead of largely reducing the quantity of spirits consumed—as contemplated by its advocates—has very little, if any effect in that direction. It has, however, reduced the *quality* of goods consumed and has driven the

¹ Fiscal year.

² Calendar year.

retail business into less reputable and less responsible hands. Where prohibition prevails there will be no improved demand for goods of the higher grades. Where goods are selling under the sanction of the law, commercial conditions bring keen competition, necessitating good quality and small profit to the legitimate dealer. When traffic of any kind is carried on under the ban of the law, these conditions are reversed, resulting in diminished competition, poor quality, and larger profits to the violator of the law, all at the expense of the consumer and with the added moral damage of destroying respect for all law.

The consumption of distilled spirits is always affected by general business conditions. With the tariff settled, and abundant crops assured, there will be a revival and extension of manufacturing in many lines, which will include a corresponding revival in the distilling industry.

Effect of the Recent Tariff Legislation

It is too early to forecast any direct result of the new tariff law. The quantity of liquor imported is at all times very small in comparison with home production, and in character such importations belong largely in the class of the higher luxuries, such as champagnes, fine cordials, bitters and other special preparations. It is not probable that the new tariff law will have any important effect upon home production—certainly, no detrimental effect.

The exportation of American distilled spirits for consumption abroad has never reached important proportions; this is partially due to the fact that the growth of the business in this country has been so steady and rapid as to make it unnecessary for the American distiller to shoulder the expense of seeking a market abroad. Furthermore, the exportation of distilled spirits has been handicapped by cumbersome and antiquated revenue and customs regulations.

The General Outlook for the Future

The general outlook for the future from commercial and financial standpoints has seldom been better. The growing crops of all cereals used by distillers promise to be phenomenally large this year. This means raw material at fair prices for the distiller and

abundant purchasing power for the consumer. Prosperity for one industry means prosperity for all, and with tariff uncertainties out of the way, it is the consensus of opinion among merchants and manufacturers in all lines that our country is on the eve of prosperous times.

Anything adversely affecting so great an industry as that of distilling in this land of ours, bears with almost equal hardship upon the collateral trades dependent upon it. The forester who cuts and sells stave timber for barrels, the iron dealer furnishing hoops, the bottle maker, box manufacturer, cork and cap and label maker, the printer, the lithographer, the cooper, the farmer producing corn, rye and barley, the maltster, the coppersmith, the iron-worker and distillery builder, and innumerable other industries dependent upon that of distilling, are all equally interested with the distiller in auguries of the future.

Over all of these, there lowers at the present time, the one menace of confiscatory and destructive legislation, such as has been enacted recently in some of our states, as a result of the hysterical and emotional prohibition campaigns, conducted under the auspices of the Anti-Saloon League. A notable instance is furnished by recent legislative enactments in Tennessee. In that state, since the first of July, 1909, the sale of liquor *within* the state has been practically prohibited, and after the first day of January, 1910, manufacture is absolutely prohibited even for sale *outside* of the state. Needless to say this is practical confiscation of brewery and distillery property and without one penny of compensation from the people of Tennessee who are presumed to be the beneficiaries of such confiscatory legislation.

For more than a century of national life, the distilling industries have been protected, fostered and encouraged by national legislation. The space accorded me by your invitation forbids my going into details on this question. So unique and revolutionary in America is the present tendency toward confiscation and destruction of vested rights and property interests, that it might well be the theme of future contributions to your volumes. The law of eminent domain alone justifies the taking of private property for the public good, and nowhere and at no time should this arbitrary power of suppression be exercised without due compensation to the owners. If all the people of Tennessee are to be benefited by the suppression of

distilleries and breweries within the limits of that state, should not the people of Tennessee be willing to pay for the alleged benefits thus secured to them? In England, when it was recently proposed to reduce the number of licensed public houses (saloons) there was no suggestion by members of Parliament of any plan which did not include full compensation to the publicans (saloon-keepers) to be eliminated, for the full value of leases, fixtures, stock on hand and good will.

I anticipate the sophistry with which this protest will be met by the Anti-Saloon League. They will tell us: "We do not confiscate your distilleries and breweries—we merely forbid you to operate them." The flour mill which is forbidden to grind wheat is as valueless an asset as a railroad prohibited from running trains over its rails.

There are signs of an awakening among the owners of property of all kinds in the face of this destruction of vested rights and values—a confiscation planned and carried out at the behest of a league, or organization, whose promoters and leaders tell us that it is the "united church forces in action."

The leaders of this movement are largely ministers, men consecrated to the teaching of morality. The following, from the Cincinnati "Enquirer," of April 5, 1908, is interesting in this connection.

New York, April 4, 1908:—Chancellor James R. Day, of Syracuse University, made a statement to the New York Methodist Episcopal Conference to-day, in which he declared, on behalf of Bishop Moore, that the Bishop was not in sympathy with the barn-burners of Kentucky, but that the Bishop felt the destruction of the tobacco, in view of the position of the Methodist Church, to be a commendable thing. The Chancellor said that the Bishop did not look favorably upon the destruction of the barns and warehouses containing the tobacco.

These niceties of anarchistic discriminations are interesting, but they make faint appeal to a property-owning, liberty-loving and law-abiding American public.

The distilling industry in the United States is of vast proportions, representing hundreds of millions of invested capital. Many thousands of men and their families are directly, or indirectly, dependent upon it for their livelihood. The immediate extermination of their means of support is as directly threatened as is the

property of the owners of hundreds of distilleries, breweries, cooperage, box and bottle plants. By whom is this destruction and extermination demanded? Let us see. In THE ANNALS of the American Academy of November, 1908, appears an article contributed by Rev. W. M. Burke, California State Superintendent of the Anti-Saloon League, entitled "The Anti-Saloon League as a Political Force," which concludes as follows:

Let any question have the support of the entire evangelical church, then organize this force for action; put into the field four hundred and fifty keen, bright, able men; let them draw their support from the millions who are in favor of the objects proposed, and you can *create* and *organize* sentiment enough to accomplish almost *any purpose* desired. That is what is happening in the political arena to-day as against the open saloon. It is merely the united church forces in action.

As further defining the attitude and methods of the Anti-Saloon League, the following quotation from an interview with the Rev. Purley A. Baker, General Superintendent of the Anti-Saloon League, written by James B. Morrow, and printed in the Cincinnati "Enquirer" of Sunday, February 23, 1908, is significant:

You must remember that the Anti-Saloon League is not in politics as a party, nor are we trying to abolish vice, gambling, horse-racing, murder, theft or arson. The gold standard, the unlimited coinage of silver, protection, free trade and currency reform, do not concern us in the least. In no instance has the League ever nominated a candidate for public office. Nevertheless, we are the most skilfully and completely organized *political force* in the country.

In the same interview Rev. Baker further informs the public: "We had to beat eighty-seven men for the legislature in a certain state before the leaders of the two political parties ceased to sneer at us." Lack of space forbids further reference to vauntings in this interview of the work done by the "united churches"—skilfully organized as a "political force" in electing and defeating almost entire state legislatures, and of doing and undoing state senators and members of Congress in the effort made by the "federated churches" to control the reins of government. Enough has here been quoted to make evident that commercially, financially, and politically we are confronted with a new problem in American life.

Men more competent than I am to analyze this problem assure me that many good and earnest church men and women deplore the fact that so many of their fellow-workers are being

misled and misrepresented by a majority of their clergy, who have been swept away from safe moorings by the emotionalism of Anti-Saloon League methods.

An interesting sermon was delivered on Sunday, August 15, 1909, in St. Paul's Church at Richmond, Va., by the Rev. W. E. Evans, D.D., Rector of The Church of the Advent, of Birmingham, Ala., from which I quote:

A fierce political contest has been going on in Alabama, for quite a time. It was not the question of temperance, but of prohibition. To preach temperance is to preach religion, but prohibition is politics. Failing to make this distinction, certain ministers turned their place of worship into lecture halls, where this phase of politics was discussed, and political harangues—in the churches, mark you—were applauded to the echo! In a paper received only day before yesterday, I saw that crowds of ministers were gathered at the state capitol, and were lobbying in the interest of their political party. What is the impression made upon sober, thoughtful minds? Just that which St. Paul deprecated, "the ministry is blamed" as forsaking its legitimate sphere and obtruding into politics.

Yet, I recall that several years ago, when Roman Catholic priests appeared as lobbyists in the halls of Congress, the Protestant press, from one end of the country to the other, was unanimous in protest, and I presume it expressed the feeling of the Protestant clergy and laity. These priests were working for appropriations for their Indian schools, yet against them the newspapers sounded a trumpet blast of indignation. In Alabama it is a state capitol that is besieged by crowds of ministers using the power of their office to promote a *political* movement.

For centuries, the union of state and church in the countries of Europe, has been a source of unrest and contention. The trend there has been toward complete separation of church and state. Where such union still exists, for instance, in England, the functions of civil and ecclesiastical authority are each defined and limited. The church there is respectful in its attitude toward civil authority. It is only necessary to study the methods and utterances of the Anti-Saloon League leaders in this country to see that among them, at least, no such spirit prevails here.

The movement here appears to be an attempt at domination of civil by church authority, accomplished by seizing the power of government, through the medium of the ballot, and exercising that power for purposes of confiscation and destruction, aimed

at any and all things standing in the path of the "federated churches" working as a "skilfully organized *political* force."

The future of the distilling business can be accurately foreseen only by one of prophetic powers, far-seeing enough to determine how long the American public will permit this tendency toward church supremacy in politics to work unchecked. The fact cannot be too strongly emphasized that no property is safe from a menace of this nature.

Forecast

As bearing strongly upon the future of the distilling industry, there are being slowly, but surely, evolved from the great mass of suggestions, coming from many sides, well-defined plans for the regulation of the retail sale of liquors under state control, which will doubtless eliminate those features which are now made the excuse for complaint and attack against the business as a whole. The National Wholesale Liquor Dealers' Association of America believes that public sentiment is rapidly shaping itself in opposition to prohibition and is turning towards regulative license laws.

Based on the sane and successful laws in force in Pennsylvania and Massachusetts, the license plan of the future will no doubt provide safeguards which will embody the following features for the control of sales of liquor at retail:

First: The character of the applicant, and not the fee, should be the determining factor in granting license.

Second: Licenses should be issued by a non-political board, and be limited in number and based upon population.

Third: A license should be revoked when the owner violates the law.

Fourth: Where owners of licensed premises are voted out of business, under state wide or county option laws, such owners, who have not violated the law, should be compensated for the loss inflicted upon them by being forced out of business.

Fifth: Officers of municipalities should be compelled to enforce all laws, and laws should be so framed as to remove temptation from the saloon-keeper to enter into active politics. In many states it might be desirable to include laws limiting the sale of liquors to unbroken packages, not to be consumed on the premises, except

in inns, hotels and restaurants. I quote from the platform of our association :

It is true that in the growth and development of our industry, in common with all others, be they railroads, insurance, or banking, excesses have crept in which menace the welfare of those engaged in them. It is as unfair to say, as it is impossible to achieve, that the evils can be cured only by destroying the industry.

It is our firm conviction that those who honestly seek to promote the cause of true temperance will find the surest and safest method in the continuance of the licensed saloon, conducted under proper laws and reasonable regulations strictly enforced.

In conclusion, in the well-known words of Patrick Henry, "I have but one lamp by which my feet are guided, and that is the lamp of experience. I know of no way of judging of the future but by the past," and so, judging by the past, I confidently count upon a steady revival of the distilling industry commensurate with other lines of manufacture. I hope and believe that the "Prohibition Wave," so often erroneously entitled the "Temperance Wave," will, in receding, leave in its wake equitable, fair and right-minded regulative laws, which will remove the liquor question from the realm of politico-clerical agitation.